



Budget 2024–25

A Future Made in Australia



This Budget invests \$22.7 billion over the next decade to build a Future Made in Australia. This plan is about maximising the economic and industrial benefits of the move to net zero and securing Australia’s place in a changing global economic and strategic landscape.

The global environment is changing rapidly. Supply chains are under pressure, with increasing fragmentation and intensifying global competition. New opportunities in clean energy industries are also emerging that will shape the future of the global economy over the next decade and beyond.

Given our critical and abundant natural endowments and skilled workforce, Australia is well positioned to strengthen priority supply chains and become an indispensable part of the net zero global economy.

The Government’s plan for a Future Made in Australia is central to this transformation. It is focused on encouraging and facilitating the private sector investment needed to make the most of this opportunity.

The plan will help build a stronger, more diversified and more resilient economy powered by clean energy, in a way that creates secure, well-paid jobs and delivers benefits to communities across the country.

The plan for a Future Made in Australia is about:

- Attracting and enabling investment
- Making Australia a renewable energy superpower
- Value adding to our resources and strengthening economic security
- Backing Australian ideas: innovation, digital, science
- Investing in people and places

As part of this plan, the Government will create a *Future Made in Australia Act* and establish a National Interest Framework to guide the identification of priority industries and prudent investments in the national interest.

National Interest Framework

The new National Interest Framework imposes rigour on Government’s decision making on significant public investments, particularly those used to incentivise private investment at scale.

Through the Framework, priority industries will be identified under two streams. The ‘net zero transformation’ stream will identify industries that can make a significant contribution to achieving net zero, where Australia has grounds to build enduring comparative advantage.

The ‘economic security and resilience’ stream will identify sectors that are critical to our resilience, are vulnerable to supply disruptions and that require support to unlock sufficient private investment.

In the 2024–25 Budget, five industries are aligned with the National Interest Framework:

- Renewable hydrogen
- Critical minerals processing
- Green metals
- Low carbon liquid fuels
- Clean energy manufacturing, including battery and solar panel supply chains

The Government will also apply community benefit principles to investments in priority industries, with a focus on investment in local communities, supply chains and skills, and promoting diverse workforces and secure jobs.

This Budget invests significantly in these areas, through targeted support for early-stage innovation, financing, production and by improving investment enablers.

In addition, Export Finance Australia’s National Interest Account will be expanded to allow support for projects where domestic capability is critical to protect our national security interests, strengthen resilience or ensure our nation is sufficiently resilient to shocks. Investments will be guided by the National Interest Framework.

Given the pace of technological change, the Government will regularly review the list of priority industries against the National Interest Framework to ensure support remains fit for purpose in a changing world.

Net zero transformation stream

Renewable hydrogen

Renewable hydrogen is a game changer, and the flagship of the net zero transformation stream. It opens the door to green metals, such as iron, steel, alumina and aluminium, and other applications critical to industrial decarbonisation.

Our world class renewable energy resources make Australia well placed to produce green hydrogen at internationally competitive prices. Additionally, Australia is close to key markets, and our major trading partners have expressed a significant appetite for importing renewable hydrogen.

Green Metals

Significant quantities of green iron, steel, alumina and aluminium will be required to support the energy transition, globally and domestically. Both steel and aluminium are used in wind turbines, electric vehicles and grid infrastructure. However, traditional metals production is highly carbon intensive. Australia can develop a long-term comparative advantage in green metals by drawing on our abundant metal and renewable energy resources.

Low carbon liquid fuels

Sustainable aviation and diesel fuels will play a key role as the global and Australian economies transition to net zero, offering a decarbonisation pathway for many hard-to-abate sectors, including aviation, shipping and heavy transport.

Australia’s large landmass, advanced farming practices, access to renewable feedstocks, established supply chains and renewable energy potential are all assets in developing domestic production of low carbon liquid fuels.

Economic resilience and security stream

Critical minerals

Critical minerals are the building-blocks for a range of important sectors such as clean energy manufacturing, transport, agri-tech, medicine, defence, space, computing and telecommunications.

Under scenarios that achieve net zero emissions by 2050, global demand for critical minerals is expected to increase by around 350 per cent by 2040. Australia is in a strong position to supply these minerals, with some of the world's largest reserves of lithium, cobalt and rare earths.

Refining and processing critical minerals here will allow us to move along global supply chains to capture more of the value and contribute to creating more diverse, resilient and sustainable global supply chains.

Clean energy manufacturing

Clean energy technologies are critical inputs to Australia's energy transition. Global supply chains for certain clean energy technologies are highly concentrated, especially for solar panels and batteries. This increases Australia's vulnerability to a disruption in supply, which could pose significant risks to Australia's economic resilience.

Along with other policy actions such as international partnerships and market facilitation, scaling-up Australia's clean energy manufacturing will assist in strengthening our clean energy supply chains.

Australia can contribute to the diversification of global solar and battery supply chains by harnessing our strengths in research and development, renewable energy and critical minerals, and investing in the areas of supply chains where we are most competitive.

Strengthening our policy toolkit

This Framework helps Government identify prudent investments in the national interest. It complements broader policy initiatives that boost productivity and economic growth. The Government will continue to apply other policy frameworks to promote Australia's economic security and prosperity.

For example, the Government will continue to invest in emerging critical technologies which create opportunities to transform a wide range of sectors across the economy. The *Critical Technologies Statement* prioritises action on artificial intelligence, robotics and automation, and quantum technologies among other fields.

The Government will also continue to take direct action to build domestic industrial capacity for key defence technologies and capabilities, and support broader industrial priorities, including the priority areas of the National Reconstruction Fund.

Attracting and enabling investment

The Government is reforming investment settings, institutions and regulatory processes to attract and enable the investment Australia needs.

New front door for investors

The Government will establish a new front door for investors with major, transformational investment proposals related to the Government's Future Made in Australia agenda to make it simpler to invest in Australia and attract more global and domestic capital. The front door will:

- provide a single point of contact for investors and companies with major investment proposals,
- deliver a joined-up approach to investment attraction and facilitation,
- identify priority projects related to the Government's Future Made in Australia agenda,
- support accelerated and coordinated approval decisions, and,
- connect investors with the Government's specialist investment vehicles.

The front door will complement and leverage existing institutions, including the Net Zero Economy Authority. The final approach to delivering an effective front door will be developed in consultation with investors,

businesses, governments, unions, communities, and other experts over the course of 2024.

Strengthening and streamlining approvals

The Government is making it easier to invest in transformational projects by streamlining approval processes in ways that strengthen standards.

The Government is providing \$134.2 million to better prioritise approvals for renewable energy projects of national significance, and support faster decisions on environment, cultural heritage and planning approvals. This investment delivers more support for assessments across approval processes so we can reduce delays for projects and provide greater certainty for businesses.

The Government is also committing \$20.7 million to improve engagement with communities involved in the energy transition and accelerate the delivery of key energy projects, through a bolstered Australian Energy Infrastructure Commissioner and voluntary national developer standards. This will complement initiatives with states and territories to improve planning and energy grid connection approval processes.

To further encourage investment, the Government will provide \$15.7 million to deliver a stronger, more streamlined, and more transparent approach to foreign investment. This will ensure that Australia can attract the significant foreign capital flows we need, while protecting the national interest in an increasingly complex economic and geostrategic environment.

Promoting sustainable finance

The Government is committing \$17.3 million to implement a comprehensive agenda to mobilise private investment in sustainable activities.

The Budget provides funding to extend Australia's sustainable finance taxonomy to the agriculture sector and develop an investment product labelling regime for financial products marketed as sustainable. Additionally, the Government will explore data quality improvements and provide \$1.3 million to develop and release best practice guidance for disclosing net zero transition plans.

These initiatives complement the Government's climate disclosure legislation and the forthcoming issuance of \$7 billion in green bonds in 2023–24.

Making Australia a renewable energy superpower

Australia's ambition to become a renewable energy superpower is foundational to the Government's broader plan for a future made in Australia. The Government is taking decisive steps to promote private investment in priority industries by supporting innovation, financing and production.

Innovation

The Government is investing \$3.2 billion over the next decade through the Australian Renewable Energy Agency to support the commercialisation of technologies that are critical to the net zero transformation. The new \$1.7 billion Future Made in Australia Innovation Fund will fund the deployment of innovative technologies and facilities linked directly to priority industries, including green metals and low carbon liquid fuels.

Financing

The Government will work with the Commonwealth's specialist investment vehicles, including the Clean Energy Finance Corporation and the National Reconstruction Fund, to ensure coordinated investment on critical government priorities. Investments from these entities can help reduce barriers to investment by de-risking projects and reducing upfront capital costs.

Production

This Budget includes targeted production incentives to scale up priority industries: aligning incentives to invest with the national interest, targeting 'green premiums' that are not yet reflected in market prices, and investing efficiently in mitigating the risks of excess supply chain concentration.

Support for production is being delivered over timeframes that promote accelerated investment

over the next decade, and in ways that are contingent on successful production.

The Hydrogen Production Tax Incentive will provide a \$2 incentive per kilogram of renewable hydrogen produced for up to ten years per project, between 2027–28 and 2039–40 for projects that reach final investment decisions by 2030. This will operate alongside the expanded Hydrogen Headstart program, which supports the early movers investing in the industry’s development in a way that complements the support provided through the tax system.

Details of these programs are subject to consultation, alongside proposals to provide further incentives to support efficient production of green metals and low carbon liquid fuels.

Guarantee of origin

The Government is making it easier for businesses and trading partners to source low-emissions products by building better markets and product standards for green products.

The Guarantee of Origin scheme will measure and certify the emissions intensity across the supply chain of key products. The Budget provides \$32.2 million to fast-track the initial phase of this scheme, focused on renewable hydrogen, and support the expansion of the program to green metals and low carbon liquid fuels.

Cheaper, cleaner energy

Delivering on Australia’s potential to produce abundant renewable energy is essential to realising the industrial opportunities associated with cheaper, cleaner energy.

The Government will unlock over \$65 billion of renewable energy capacity through the Capacity Investment Scheme. This investment will translate Australia’s natural advantages into reality and transform the electricity grid for an economy powered by renewables.

This Budget also helps Australians benefit from cheaper, cleaner energy sooner by committing \$27.7 million to better integrate consumer energy resources, such as rooftop solar, household batteries and electric vehicles, into the grid.

Securing the net zero transformation

The Government is developing six sector plans covering electricity and energy, transport, industry, resources, agriculture and land, and the built environment. The sector plans will guide decarbonisation efforts and outline the role of each sector in supporting Australia’s transition to net zero.

This Budget continues the Government’s investment in emissions abatement, including \$63.8 million to reduce emissions in the agriculture and land sector.

Value adding to resources and strengthening economic security

The Budget boosts economic resilience and security including by shoring up and diversifying supply chains. It does this by value-adding to our resources, investing in critical minerals projects, supporting clean energy manufacturing and advancing trade initiatives.

The Critical Minerals Production Tax Incentive will provide a production incentive valued at 10 per cent of relevant processing and refining costs for Australia’s 31 critical minerals. This incentive will be applicable for up to 10 years per project, for production between 2027–28 and 2039–40 by projects that reach final investment decisions by 2030.

The Government is also investing in priority critical minerals projects, including through the Critical Minerals Facility and the Northern Australia Infrastructure Facility. This will complement the Critical Minerals National Productivity Initiative which provides \$10 million to work in partnership with states and territories to develop pre-feasibility studies of common-user infrastructure, which promotes a competitive and productive critical minerals sector.

The Government is making targeted investments in clean energy technology manufacturing capabilities, focused on the aspects of highly concentrated critical energy supply chains that best align with Australia’s comparative advantages and capabilities. This includes the \$1 billion Solar

Sunshot and \$523.2 million in support for the Battery Breakthrough Initiative.

To support the delivery of the 82 per cent renewable energy target, the Government has formed the National Renewable Energy Supply Chain Action Plan with states and territories which will strengthen supply chains of key inputs required for clean energy.

The Government is also progressing trade initiatives to address global market competition and support critical minerals trade enhancement.

Backing Australian ideas – innovation, digital and science

Modern science, innovation and investments in technology will be critical to maximising the opportunities of a changing global economic and strategic landscape, including the net zero transformation.

Building on Australia's existing strengths in research and applied technology, the Government is investing \$466.4 million to build quantum computing capabilities, in partnership with the Queensland Government and PsiQuantum.

The Government is also investing \$566 million in open science by supporting Geoscience Australia to map Australia's endowments of critical minerals and national groundwater systems.

To grow our core science and innovation capability, the Government will undertake a strategic examination of Australia's research and development (R&D) system.

Investing in people and places

Investing in people and places is central to the Government's Future Made in Australia plan. This Budget makes important investments in skills, training and education and provides support for communities and regions that are most impacted by the net zero transformation.

Investing in people

The Government is investing \$91.0 million over the next five years to accelerate the development of

the clean energy workforce through expanded access to the New Energy Apprenticeship Program and investments in VET clean energy courses.

This Budget also expands support for women training in male-dominated industries through \$55.6 million for the Building Women's Careers program and \$38.2 million to support diversity in science, technology, engineering, and maths.

This is part of the Government's targeted approach to meeting skills needed for a Future Made in Australia, including \$68.4 million to attract and retain the skilled industrial workforce needed to support defence industrial priorities.

Investing in places

The Government is investing in the regions that have traditionally powered Australia to realise the benefits of the net zero transformation.

This Budget provides \$209.3 million to expand the Net Zero Economy Authority, and catalyse private and public investment, and support workers affected by the transition.

It also invests \$178.6 million in worker transition support, including the Energy Industry Jobs Plan and place-based Regional Workforce Transition Plans which will reflect the voices of communities, workers and employers.